

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

EB-08 OES-06 TRSE-00 /075 W

-----180409 083484 /14

R 171955Z FEB 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 0160

INFO AMEMBASSY CARACAS

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 1345

E.O. 11652: N/A

TAGS: ENRG, OPEC, BR, VE, PFOR

SUBJECT: FOREIGN MINISTER'S VISIT TO VENEZUELA

REF: BRASILIA 0691

1. SUMMARY. O ESTADO HAS ALLEGED THAT DISPATCH OF SPECIAL GOB MISSION TO CARACAS MAY PRESAGE POSSIBLE MEETING BETWEEN PEREZ AND GEISEL EITHER AFTER, OR AS A SUBSTITUTE FOR, APRIL MEETING BETWEEN SILVEIRA AND ESCOVAR SALOM. PAPER CLAIMED

LETTER FROM PEREZ REFERRED TO SPECIAL TREATMENT FOR GOB ON OIL PURCHASES, AND ITAMARATY UTTERANCES ABOUT GOB-GOV RELATIONS HAVE TAKEN ON NEW WARMTH. VENEZUELAN EMBOFF HAS CONFIRMED THAT ONE MAN GOB MISSION IS IN CARACAS ACCOMPLISHING LIAISON BEYOND FOREIGN MINISTRY CIRCLES ON AGREEMENTS TO BE NEGOTIATED. VENEZUELAN EMBOFF DOES NOT DISMISS POSSIBILITY OF EITHER SPECIAL TREATMENT FOR PETROLEUM SALES TO GOB OR THAT TWO PRESIDENTS MIGHT MEET AT THE BORDER, ALTHOUGH HE ADMITS POSSIBILITY OF THE LATTER IS "HIGHLY SPECULATIVE."  
END SUMMARY.

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2. O ESTADO DE SAO PAULO HAS NOTED THAT UNEXPECTED DEPARTURE WEEK OF FEB. 7 OF A GOB MISSION TO CARACAS TO NEGOTIATE ECONOMIC AGREEMENTS FOR FOREIGN MINISTERS' MEETING IN APRIL MAY PRESAGE POSSIBLE GOB PRESIDENTIAL VISIT. PAPER SAID THAT SILVEIRA VISIT WAS ALREADY IN AN ADVANCED STAGE OF NEGOTIATIONS WHEN VENEZUELAN AMBASSADOR HERE RETURNED WITH

A LETTER FROM PEREZ. O ESTADO CLAIMS LETTER HAS LED TO EXTENDING THE SCOPE OF PREPARATION AND THAT THERE ARE NOW INDICATIONS THE TWO PRESIDENTS MAY MEET AT THE FRONTIER THIS YEAR EITHER AS A CONSEQUENCE OF THE SILVEIRA VISIT OR AS A SUBSTITUTE FOR IT.

3. ACCORDING TO O ESTADO, UNTIL LAST WEEK SILVEIRA VISIT APPEARED TO HAVE ONLY A LIMITED ECONOMIC SCOPE, BUT LETTER FROM PEREZ TO GEISEL HAS OPENED UP POSSIBILITY OF NEW ECONOMIC NEGOTIATIONS OVER GOV PETROLEUM SALES TO BRAZIL. O ESTADO CLAIMED THAT VENEZUELAN PETROLEUM HAS NOT APPEALED TO THE GOB BECAUSE BRAZILIAN REFINERIES ARE NOT DESIGNED TO PROCESS HEAVY VENEZUELAN OIL, VENEZUELA HAS SMALL PORTS AND CANNOT TAKE LARGEST GOB TANKERS, AND BECAUSE PRICE OF OIL IS TIED TO THE US MARKET PRICE. PAPER ADDED THAT PEREZ'S OFFER OF "SPECIAL CONDITIONS" MAY CHANGE BRAZILIAN PERSPECTIVE ON VENEZUELAN CRUDE.

4. THERE IS EVIDENCE FROM PRESS REPORTS THAT ITAMARATY HAS RENEWED THE EMPHASIS ON ITS RELATIONS WITH THE GOV, ENDING THE COOLNESS WHICH HAD EARLIER CAUSED THE FOREIGN MINISTER TO DEFER INDEFINITELY HIS PLANNED MEETING WITH ESCOVAR SALOM (REFTEL). JORNAL DE BRASILIA FEB. 6 INDICATED ITAMARATY SOURCES HAD DENIED THERE WAS RIVALRY BETWEEN THE TWO STATES AND EMPHASIZED THE NEED TO MAKE "MORE OPERATIONAL THE COMMERCIAL INTERCHANGE WITH A FRONTIER STATE THAT IS MOVING TOWARDS AN EXCELLENT ECONOMIC SITUATION." PAPER ADDED THAT DIPLOMATIC SOURCES HAVE SAID THAT PEREZ NEVER SPECIFIED BRAZIL WHEN HE CRITICIZED UNDEMOCRATIC LIMITED OFFICIAL USE

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REGIMES AND THAT MEETING BETWEEN FOREIGN MINISTERS IS A NATURAL EXTENSION OF GOB POLICY OF "SYSTEMATIC UNDERSTANDING" WITH HER NEIGHBORS.

5. VENEZUELAN EMBOFF HERE HAS CONFIRMED THAT THERE WAS CORRESPONDENCE BETWEEN PEREZ AND GEISEL BUT SAID IT WAS HANDLED THROUGH THE BRAZILIAN EMBASSY IN CARACAS. HE ALLEGED HIS EMBASSY WAS IN THE DARK ABOUT THE CONTENTS OF THE LETTER, BUT DID NOT DISMISS POSSIBILITY THAT LETTER REFERRED TO SPECIAL TREATMENT ON OIL SALES FOR THE BRAZILIANS. EMBOFF ADDED THAT GOV HAD DEMONSTRATED ITS INTERNAL DIVISION ON SPECIAL PRICING. PEREZ HAD REFERRED TO SPECIAL TREATMENT FOR SOME LDC'S DURING HIS RECENT TRIP TO EUROPE WHILE GOV'S MINISTER OF MINES AND ENERGY HAD STRESSED LATER THAT VENEZUELA WOULD HOLD TO OPEC DECISION ON PRICE INCREASES. EMBOFF ALSO CONFIRMED THAT A ONE-MAN SPECIAL GOB MISSION WAS IN CARACAS FOR LIAISON PURPOSES RELATED TO THE FOREIGN MINISTER'S TRIP. MISSION MANDATE EXTENDED BEYOND JUST FOREIGN MINISTRY CONTACTS AND WAS MEETING WITH VARIOUS GOVERNMENT

AGENCIES WORKING ON POSSIBLE GOV-GOB AGREEMENTS TO BE  
SIGNED DURING THE VISIT.

6. REGARDING PRESIDENTIAL MEETING AT THE BORDER, EMBOFF  
TERMED REPORTS OF SUCH A MEETING "HIGHLY SPECULATIVE,"  
BUT REFUSED TO DISCOUNT POSSIBILITY IT MIGHT OCCUR WHEN  
GEISEL WENT NORTH TO INAUGURATE ROADS THERE.  
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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009